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Medicaid Crackdown Update: Contract with private contractor may not be renewed

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By: Ann McAdams - email

WILMINGTON, NC (WECT) - The private company that has been conducting audits of Medicaid providers across the state may not get its contract renewed, following a series of concerns that have been raised about the accuracy of its findings.

In the past couple weeks, we've detailed a list of local providers flagged by the state for potential over-billing. Those providers have since come forward to point out how the state's auditing system appears flawed.

The State Auditor's Office found serious problems with Public Consulting Group's findings. That's the company hired by Medicaid officials to investigate provider's billing records.

Many local providers who were initially notified they may need to repay the state hundreds of thousands of dollars had those findings reversed after appeal hearings in Raleigh.

Attorneys for local providers say PCG erroneously applied 2012 Medicaid billing requirements to patient charts from 2009 – 2011. Attorneys say their clients were in compliance even though PCG indicated otherwise in their report to the state, which resulted in some of the providers being flagged for potential over-billing.

Ricky Diaz, the Director of Communications for the Department of Health and Human Services, tells WECT several of the individual providers in our area are still in the appeals process, and he can't comment on their status until that process has run its course.

The Office of The State Auditor found that 73% of Medicaid providers flagged by PCG for potential over-billing violations appealed those findings, indicating a problem with the Medicaid audit process itself.

Moreover, the state auditor found that of the \$39 million in potential over-billing PCG initially identified, only about \$4 million was actually verified and recovered.

Since these concerns have come to light, DHHS says it has been conducting monthly quality controls over PCG. The state's contract with PCG will be expiring in the near future, and Diaz says the state will be assessing whether it wants to renew that contract. He says a new computer system for Medicaid billing will be rolling out this summer, and should solve a lot of these problems moving forward.

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